

THE ECONOMIC IMPACT OF

THE CONSTRUCTION OF THE INNER HARBOR

NAVIGATION CANAL REPLACEMENT LOCK

Prepared by:

TIMOTHY P. RYAN
UNIVERSITY OF NEW ORLEANS

APRIL, 1998

EXECUTIVE SUMMARY

- ' The purpose of this report is to estimate the economic impact to the New Orleans MSA and the state of Louisiana of the construction of the Inner Harbor Navigation Canal (IHNC) lock replacement project.
- ' In total, the construction phase of the lock project will create new direct spending in the New Orleans area economy of \$519.7 million over the 14-year period which includes time required for the engineering, design, and acquisition phases of the project.
- ' The construction phase of the lock project will create new secondary spending in the New Orleans area economy of \$898.7 million over the 14-year project period.
- ' In total, the construction phase of the lock project will create new total spending in the New Orleans area economy of \$1,418.4 million (or \$1.4 billion) over the 14-year project period.
- ' The lock construction and related activities will create a total of \$272.9 million in earnings for New Orleans area residents over the 14-year project period. The construction will support a total of 13,362 new jobs over the 14-year project period for an average of 954 jobs per year. These jobs include direct construction jobs as well as jobs that result from the spending of the new income in the economy. Note that not all of these jobs are directly in the construction companies.
- ' State and local governments will receive a total of \$23.4 million in tax revenue from the construction activities of the proposed lock over the 14-year project period. That total is made up of \$17.2 million in state tax revenue and \$6.2 million in local tax revenue.
- ' The lock project also has a statewide economic impact. For the statewide impact, the direct spending for the project is the same as for New Orleans -- \$519.7 million. What that means is that all of the construction activities are confined to the New Orleans area economy and the materials that are purchased outside of the New Orleans area are assumed to come from outside the state of Louisiana. In total, the construction phase of the lock project will create new secondary spending in the Louisiana economy of \$970.6 million over the 14-year project period. The construction phase of the lock project will create new total spending in the Louisiana economy of \$1,490.3 million (or \$1.5 billion) over the 14-year project period. The lock construction and related activities will create a total of \$289.3 million in earnings for Louisiana residents over the 14-year project period. The construction will support a total of 13,598 new jobs over the 14-year period for an average of 971 jobs per year. In total, state and local governments will receive a total of \$24.2 million in tax revenue from the construction activities of the proposed lock over the 14-year period. That total is made up of \$17.9 million in state tax revenue and \$6.3 million

in local tax revenue.

INTRODUCTION

The purpose of this report is to estimate the economic impact of the construction phase of a replacement lock on the Inner Harbor Navigation Canal (IHNC or Industrial Canal) in New Orleans. The construction impact estimated in this report will cover the impact on the New Orleans MSA and on the state of Louisiana as a whole. The only difference between the MSA impact and the statewide impact is in the secondary and total spending. Since all of the direct spending occurs in the New Orleans area, the direct impact is the same for the MSA and the state. The multipliers are somewhat different, resulting in slightly different secondary and total spending impacts.

The economic impact is defined to include the following categories: direct spending, secondary spending, total spending, total income, employment and state and local government tax revenues. The economic impact of the new lock will be estimated in each of those categories. The base data for this economic impact study are the latest available estimates by the U. S. Army Corps of Engineers of the total construction phase costs of the lock project, excluding any monies that have already been spent related to the project.

The purpose of the lock replacement project is to facilitate cargo movement on the Gulf-Inter-coastal waterway. Once the lock replacement is complete, additional cargo will be able to move through the IHNC and the New Orleans area, contributing to additional economic impact to the New Orleans area on an on-going basis. That impact is not included in this report -- this report contains only the impact of the construction phase of the project.

The dollar figures in this section of the report are the best available current estimates of project construction costs. Actual costs could be higher or lower, depending upon the

circumstances at the time of construction. The direct spending of the capital phase of the project includes land acquisition, actual construction, engineering and architectural and related building costs.

The first part of the economic impact is the direct, or primary, spending. The direct spending is the first round of new spending related to any project. In this particular case, the direct spending is the amount that the federal government spends in actual construction -- payments to construction contractors, purchase of materials, payments to engineering and architectural firms, and the like. Based on the information provided by the Corps, only local spending was identified to be included in the direct spending. By definition, all of the construction spending is local. Some purchases of materials will, in all likelihood, be made outside of the local economy. This spending is not included in Table 1. The base data for the direct capital spending is derived from the Corps of Engineers.

Table 1 presents the direct spending in the New Orleans MSA resulting from the lock construction over the 14 year project period. The categories listed in Table 1 are those used by the Corps to describe the project.

Most of the direct spending in Table 1 is for construction, payments for professional services (engineering and the like), and direct payments to households and businesses. By definition, these spending categories occur locally -- the assumption is that all of the spending in these categories occurs in the New Orleans MSA. There are, however, some purchases of materials and equipment in Table 1 -- mostly concrete and steel pipe. The assumption is that the actual purchase of these materials is local. In other words, the materials are purchased from a local supplier; thus, the initial spending is in the New Orleans area economy. The concrete will

TABLE 1

IHNC LOCK CONSTRUCTION IMPACT, NEW ORLEANS MSA

DIRECT SPENDING (in thousands)

CATEGORY/YEAR	1998	1999	2000	2001	2002	2003	2004	2005
Land & Damages	\$ 125.0	\$ 45,350.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bridge Relocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,530.0
Utility Relocation	\$ -	\$ -	\$ -	\$ -	\$ 270.0	\$ 5,000.0	\$ 5,000.0	\$ 5,000.0
Locks	\$ -	\$ -	\$ -	\$ 3,300.0	\$ 10,600.0		\$ 38,300.0	\$ 41,000.0
Channels & Canals	\$ -	\$ -	\$ -	\$ -	\$ 1,600.0	\$ 3,300.0	\$ 2,600.0	\$ 2,300.0
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ 8,400.0	\$ 3,296.0	\$ -	\$ -	\$ -
Cultural Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mitigation	\$ -	\$ 7,400.0	\$ 10,000.0	\$ 3,000.0	\$ -	\$ -	\$ -	\$ -
Engineering & Design	\$ 1,879.0	\$ 2,000.0	\$ 13,680.0	\$ 4,000.0	\$ 3,400.0	\$ 1,200.0	\$ 1,100.0	\$ 1,700.0
Supervision & Administration	\$ -	\$ -	\$ -	\$ 410.0	\$ 580.0	\$ 364.0	\$ 1,000.0	\$ 3,000.0
TOTAL	\$ 2,004.0	\$ 54,750.0	\$ 23,680.0	\$ 19,110.0	\$ 19,746.0	\$ 9,864.0	\$ 48,000.0	\$ 55,530.0

CATEGORY/YEAR	2006	2007	2008	2009	2010	2011	TOTAL	PRESENT VALUE
Land & Damages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,475.0	\$ 39,634.7
Bridge Relocation	\$ 5,000.0	\$ 10,000.0	\$ 14,000.0	\$ 12,000.0	\$ 10,000.0	\$ 10,455.0	\$ 63,985.0	\$ 47,064.7
Utility Relocation	\$ 5,000.0	\$ 3,468.0	\$ -	\$ -	\$ -	\$ -	\$ 23,738.0	\$ 13,905.0
Locks	\$ 41,000.0	\$ 41,000.0	\$ 41,000.0	\$ 28,157.0	\$ 20,000.0		\$ 264,357.0	\$ 148,959.4
Channels & Canals	\$ 2,700.0	\$ 2,700.0	\$ 2,700.0	\$ 2,000.0	\$ 2,000.0	\$ 672.0	\$ 22,572.0	\$ 12,275.6
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,696.0	\$ 8,714.8
Cultural Resources	\$ -	\$ -	\$ 616.0	\$ -	\$ -	\$ -	\$ 616.0	\$ 288.9
Mitigation	\$ -	\$ -	\$ -	\$ 4,500.0	\$ 4,500.0	\$ 4,458.0	\$ 33,858.0	\$ 25,781.8
Engineering & Design	\$ 1,200.0	\$ 1,000.0	\$ 1,000.0	\$ 551.0	\$ -	\$ -	\$ 32,710.0	\$ 24,384.5
Supervision & Administration	\$ 3,000.0	\$ 3,000.0	\$ 3,000.0	\$ 3,000.0	\$ 2,000.0	\$ 1,377.0	\$ 20,731.0	\$ 10,496.3
TOTAL	\$ 57,900.0	\$ 61,168.0	\$ 62,316.0	\$ 50,208.0	\$ 38,500.0	\$ 16,962.0	\$ 519,738.0	\$ 300,860.3

be manufactured in the area -- it is not economically feasible to manufacture concrete outside the area and truck it into the area. The steel pipe and other equipment are more likely to be manufactured out of the area. Thus, the secondary impact for these purchases has been adjusted from 40% in-area to 80% in-area, depending on what is purchased.

The first category is land and damages. Given the location of the existing lock -- in the middle of the city -- it was and will be necessary for the Corps to buy some adjacent land to facilitate new construction. Most of the proposed spending in this category is for land acquisition. The total cost for this category is \$45.5 million.

The next two categories are related: bridge relocation and related utility relocation. The bridge at St. Claude Avenue over the IHNC must be replaced to facilitate the new lock. This will require demolition of the existing bridge, relocation of utilities, and construction of the new bridge. The total costs of these two categories are \$64.0 million and \$23.7 million, respectively. The next category is the actual lock construction itself. This is clearly the largest part of the entire project. It includes preliminary site work, demolition of the existing lock, the purchase of materials for the lock, and the construction of the lock itself. The total cost for this category is \$264.4 million.

The next category is for the dredging and preparation of the channels and canals to facilitate access to the new lock. This category includes dredging and related construction work. The total cost for this category is \$22.6 million.

The next category is the construction of levees and floodwalls for the new lock. This includes some demolition of existing levees and floodwalls and the construction of new ones. The total cost for this category is \$11.7 million.

The next category is "cultural resource preservation." Since the lock is an historical place, the Corps must record all work related to the lock in the appropriate manner for historical preservation. The total cost for this category is \$.6 million.

The next category is mitigation. The lock construction may disturb some existing neighborhoods and businesses. The Corps is obligated to mitigate any damages that may occur as a result of the project. Spending in this category includes soundproofing some homes and businesses, install and operate traffic control devices during the construction, some street work, relocating some residents and businesses, and related neighborhood improvements. The total cost for this category is \$33.9 million.

The next category is engineering and design. This involves the purchase of engineering and design services from various sources. The total cost for this category is \$32.7 million.

The final category is project supervision and administration. This category is self-explanatory. The total cost for this category is \$20.7 million.

In total, the lock construction will create new direct spending in the New Orleans area economy of \$519.7 million over the 14-year project period. Table 1 presents the breakdown of this spending over the period.

The direct, or primary, spending described above produces additional spending in the economy which is referred to as indirect and induced spending. Indirect spending includes the spending of local firms that provide supplies to the firms involved in the direct spending -- such as the firm that sells the construction materials to the construction companies. Induced spending is the spending by individuals who are directly employed by the construction companies. They spend part of their income in the local economy, which produces income for other local

residents. Consider a hypothetical example. Suppose that the construction company hires a new employee whose salary is part of the direct impact. Now that he is employed, that employee might buy new clothes. The money spent on new clothes is additional "induced" spending. The owner of the clothing store now has additional income and will spend part of that additional income. The process continues to third, fourth, and higher rounds of spending.

The indirect and induced spending are added together to produce secondary spending which is sometimes referred to as the "ripple" or multiplier effect. The multipliers used in this study are calculated by the Bureau of Economic Analysis and published in the following reference: United States Department of Commerce, Bureau of Economic Analysis, Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II), 1996. These multipliers are specific to each industry in each state and those used here are for the relevant industries in the New Orleans area. Based on the nature of the data prepared by the Corps of Engineers, the bill-of-goods approach was used to estimate the secondary spending. As discussed earlier in this report, the out-of-area purchases were excluded from the analysis. The local purchases of materials, concrete and steel pipe for the most part, was separated into its component parts, manufacturing, transportation, and wholesale trade, and the appropriate methodology was used to estimate secondary impacts. For the remainder -- construction, services, and payments to individuals -- the appropriate final-demand multiplier was used.

Table 2 presents the secondary impacts on a year-to-year and total basis. In total, the construction phase of the lock project will create new secondary spending in the New Orleans area economy of \$898.7 million over the 14-year project period.

TABLE 2

IHNC LOCK CONSTRUCTION IMPACT, NEW ORLEANS MSA

SECONDARY SPENDING (in thousands)

CATEGORY/YEAR	1998	1999	2000	2001	2002	2003	2004	2005
Land & Damages	\$ 140.8	\$ 51,097.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bridge Relocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,862.4
Utility Relocation	\$ -	\$ -	\$ -	\$ -	\$ 518.9	\$ 9,609.5	\$ 9,609.5	\$ 9,609.5
Locks	\$ -	\$ -	\$ -	\$ 5,612.8	\$ 18,029.0	\$ -	\$ 65,142.5	\$ 69,734.8
Channels & Canals	\$ -	\$ -	\$ -	\$ -	\$ 2,707.9	\$ 5,585.0	\$ 4,400.3	\$ 3,892.6
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ 13,312.0	\$ 5,223.4	\$ -	\$ -	\$ -
Cultural Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mitigation	\$ -	\$ 13,393.4	\$ 18,099.2	\$ 5,429.8	\$ -	\$ -	\$ -	\$ -
Engineering & Design	\$ 3,885.0	\$ 4,135.2	\$ 28,284.8	\$ 8,270.4	\$ 7,029.8	\$ 2,481.1	\$ 2,274.4	\$ 3,514.9
Supervision & Administration	\$ -	\$ -	\$ -	\$ 847.7	\$ 1,199.2	\$ 752.6	\$ 2,067.6	\$ 6,202.8
TOTAL	\$ 4,025.9	\$ 68,625.8	\$ 46,384.0	\$ 33,472.6	\$ 34,708.2	\$ 18,428.2	\$ 83,494.2	\$ 97,817.0

CATEGORY/YEAR	2006	2007	2008	2009	2010	2011	TOTAL
Land & Damages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,238.0
Bridge Relocation	\$ 9,609.5	\$ 19,219.0	\$ 26,906.6	\$ 23,062.8	\$ 19,219.0	\$ 20,093.5	\$ 122,972.8
Utility Relocation	\$ 9,609.5	\$ 6,665.1	\$ -	\$ -	\$ -	\$ -	\$ 45,622.1
Locks	\$ 69,734.8	\$ 69,734.8	\$ 69,734.8	\$ 47,890.8	\$ 34,017.0	\$ -	\$ 449,631.1
Channels & Canals	\$ 4,569.5	\$ 4,569.5	\$ 4,569.5	\$ 3,384.8	\$ 3,384.8	\$ 1,137.3	\$ 38,201.2
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,535.3
Cultural Resources	\$ -	\$ -	\$ 693.4	\$ -	\$ -	\$ -	\$ 693.4
Mitigation	\$ -	\$ -	\$ -	\$ 8,144.6	\$ 8,144.6	\$ 8,068.6	\$ 61,280.3
Engineering & Design	\$ 2,481.1	\$ 2,067.6	\$ 2,067.6	\$ 1,139.2	\$ -	\$ -	\$ 67,631.2
Supervision & Administration	\$ 6,202.8	\$ 6,202.8	\$ 6,202.8	\$ 6,202.8	\$ 4,135.2	\$ 2,847.1	\$ 42,863.4
TOTAL	\$ 102,207.2	\$ 108,458.8	\$ 110,174.7	\$ 89,825.1	\$ 68,900.6	\$ 32,146.5	\$ 898,668.8

Table 3 presents the total spending impact of the lock construction project. Total spending is the sum of direct and secondary spending. Table 3 presents the total impacts on a year-to-year and total basis. In total, the construction phase of the lock project will create new total spending in the New Orleans area economy of \$1,418.4 million (or \$1.4 billion) over the 14-year project period.

TABLE 3

IHNC LOCK CONSTRUCTION IMPACT, NEW ORLEANS MSA

TOTAL SPENDING (in thousands)

CATEGORY/YEAR	1998	1999	2000	2001	2002	2003	2004	2005
Land & Damages	\$ 265.8	\$ 96,447.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bridge Relocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,392.4
Utility Relocation	\$ -	\$ -	\$ -	\$ -	\$ 788.9	\$ 14,609.5	\$ 14,609.5	\$ 14,609.5
Locks	\$ -	\$ -	\$ -	\$ 8,912.8	\$ 28,629.0	\$ -	\$ 103,442.5	\$ 110,734.8
Channels & Canals	\$ -	\$ -	\$ -	\$ -	\$ 4,307.9	\$ 8,885.0	\$ 7,000.3	\$ 6,192.6
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ 21,712.0	\$ 8,519.4	\$ -	\$ -	\$ -
Cultural Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mitigation	\$ -	\$ 20,793.4	\$ 28,099.2	\$ 8,429.8	\$ -	\$ -	\$ -	\$ -
Engineering & Design	\$ 5,764.0	\$ 6,135.2	\$ 41,964.8	\$ 12,270.4	\$ 10,429.8	\$ 3,681.1	\$ 3,374.4	\$ 5,214.9
Supervision & Administration	\$ -	\$ -	\$ -	\$ 1,257.7	\$ 1,779.2	\$ 1,116.6	\$ 3,067.6	\$ 9,202.8
TOTAL	\$ 6,029.9	\$ 123,375.8	\$ 70,064.0	\$ 52,582.6	\$ 54,454.2	\$ 28,292.2	\$ 131,494.2	\$ 153,347.0

CATEGORY/YEAR	2006	2007	2008	2009	2010	2011	TOTAL
Land & Damages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,713.0
Bridge Relocation	\$ 14,609.5	\$ 29,219.0	\$ 40,906.6	\$ 35,062.8	\$ 29,219.0	\$ 30,548.5	\$ 186,957.8
Utility Relocation	\$ 14,609.5	\$ 10,133.1	\$ -	\$ -	\$ -	\$ -	\$ 69,360.1
Locks	\$ 110,734.8	\$ 110,734.8	\$ 110,734.8	\$ 76,047.8	\$ 54,017.0	\$ -	\$ 713,988.1
Channels & Canals	\$ 7,269.5	\$ 7,269.5	\$ 7,269.5	\$ 5,384.8	\$ 5,384.8	\$ 1,809.3	\$ 60,773.2
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,231.3
Cultural Resources	\$ -	\$ -	\$ 1,309.4	\$ -	\$ -	\$ -	\$ 1,309.4
Mitigation	\$ -	\$ -	\$ -	\$ 12,644.6	\$ 12,644.6	\$ 12,526.6	\$ 95,138.3
Engineering & Design	\$ 3,681.1	\$ 3,067.6	\$ 3,067.6	\$ 1,690.2	\$ -	\$ -	\$ 100,341.2
Supervision & Administration	\$ 9,202.8	\$ 9,202.8	\$ 9,202.8	\$ 9,202.8	\$ 6,135.2	\$ 4,224.1	\$ 63,594.4
TOTAL	\$ 160,107.2	\$ 169,626.8	\$ 172,490.7	\$ 140,033.1	\$ 107,400.6	\$ 49,108.5	\$ 1,418,406.8

EMPLOYMENT AND EARNINGS

All of the construction identified above employs people and generates wages and salaries for those employees. In addition to the direct jobs and earnings produced by the construction companies themselves, other jobs in the economy are supported by the construction activities. These jobs include support jobs as well as "spin-off" jobs. Company or employee spending in the local area supports the employment of various people in the area, such as doctors, lawyers, and checkers and bag boys at grocery stores. Subsequently, the doctors and lawyers spend their income to pay their rent or the like, which, in turn, supports the employment of maintenance employees at an apartment complex, for example. This is an on-going process.

Using the U. S. Bureau of Economic Analysis earnings and employment multipliers, we can estimate the total number of jobs and the income that is attributable to the economic activity generated by the construction. The employment multipliers are estimated on the basis of the dollar spending in each category. Table 2 presents the total employment and total income that is generated by the spending associated with the capital phase of the project. Note that not all of the jobs identified in Table 2 are new jobs that will be created by the construction activities, although many are new jobs. The spending by the newly created employees will support, either wholly or in part, other employment in the local area. Note that the employment in this section is not permanent employment but will last during the construction process. Tables 4 and 5 present estimates of earnings and employment related to the lock construction project.

The lock construction and related activities will create a total of \$272.9 million in earnings for New Orleans area residents over the 14-year project period. The construction will support a total of 13,362 new jobs over the 14-year period for an average of 954 jobs per year.

TABLE 4

IHNC LOCK CONSTRUCTION IMPACT, NEW ORLEANS MSA

TOTAL EARNINGS (in thousands)

CATEGORY/YEAR	1998	1999	2000	2001	2002	2003	2004	2005
Land & Damages	\$ 40.3	\$ 14,634.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bridge Relocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,565.6
Utility Relocation	\$ -	\$ -	\$ -	\$ -	\$ 167.1	\$ 3,094.0	\$ 3,094.0	\$ 3,094.0
Locks	\$ -	\$ -	\$ -	\$ 1,567.9	\$ 5,036.4	\$ -	\$ 18,197.7	\$ 19,480.5
Channels & Canals	\$ -	\$ -	\$ -	\$ -	\$ 687.0	\$ 1,416.9	\$ 1,116.3	\$ 987.5
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ 3,597.3	\$ 1,411.5	\$ -	\$ -	\$ -
Cultural Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mitigation	\$ -	\$ 4,270.5	\$ 5,771.0	\$ 1,731.3	\$ -	\$ -	\$ -	\$ -
Engineering & Design	\$ 1,542.8	\$ 1,642.2	\$ 11,232.6	\$ 3,284.4	\$ 2,791.7	\$ 985.3	\$ 903.2	\$ 1,395.9
Supervision & Administration	\$ -	\$ -	\$ -	\$ 336.7	\$ 476.2	\$ 298.9	\$ 821.1	\$ 2,463.3
TOTAL	\$ 1,583.2	\$ 20,547.3	\$ 17,003.6	\$ 10,517.6	\$ 10,570.0	\$ 5,795.1	\$ 24,132.3	\$ 28,986.8

CATEGORY/YEAR	2006	2007	2008	2009	2010	2011	TOTAL
Land & Damages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,675.0
Bridge Relocation	\$ 3,094.0	\$ 6,188.0	\$ 8,663.2	\$ 7,425.6	\$ 6,188.0	\$ 6,469.6	\$ 39,593.9
Utility Relocation	\$ 3,094.0	\$ 2,146.0	\$ -	\$ -	\$ -	\$ -	\$ 14,689.1
Locks	\$ 19,480.5	\$ 19,480.5	\$ 19,480.5	\$ 13,378.4	\$ 9,502.7	\$ -	\$ 125,605.2
Channels & Canals	\$ 1,159.3	\$ 1,159.3	\$ 1,159.3	\$ 858.7	\$ 858.7	\$ 288.5	\$ 9,691.6
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,008.8
Cultural Resources	\$ -	\$ -	\$ 198.2	\$ -	\$ -	\$ -	\$ 198.2
Mitigation	\$ -	\$ -	\$ -	\$ 2,596.9	\$ 2,596.9	\$ 2,572.7	\$ 19,539.3
Engineering & Design	\$ 985.3	\$ 821.1	\$ 821.1	\$ 452.4	\$ -	\$ -	\$ 26,858.2
Supervision & Administration	\$ 2,463.3	\$ 2,463.3	\$ 2,463.3	\$ 2,463.3	\$ 1,642.2	\$ 1,130.7	\$ 17,022.2
TOTAL	\$ 30,276.4	\$ 32,258.2	\$ 32,785.6	\$ 27,175.4	\$ 20,788.6	\$ 10,461.4	\$ 272,881.6

These jobs include direct construction jobs as well as jobs that result from the spending of the new income in the economy. Note that not all of these jobs are directly in the construction companies.

TABLE 5

IHNC LOCK CONSTRUCTION IMPACT, NEW ORLEANS MSA

TOTAL EMPLOYMENT

CATEGORY/YEAR	1998	1999	2000	2001	2002	2003	2004	2005
Land & Damages	2	821	-	-	-	-	-	-
Bridge Relocation	-	-	-	-	-	-	-	76
Utility Relocation	-	-	-	-	8	151	151	151
Locks	-	-	-	77	247	-	893	956
Channels & Canals	-	-	-	-	33	67	53	47
Levees & Floodwalls	-	-	-	182	71	-	-	-
Cultural Resources	-	-	-	-	-	-	-	-
Mitigation	-	210	284	85	-	-	-	-
Engineering & Design	72	77	523	153	130	46	42	65
Supervision & Administration	-	-	-	16	22	14	38	115
TOTAL	74	1,108	807	513	511	278	1,177	1,410

CATEGORY/YEAR	2006	2007	2008	2009	2010	2011	TOTAL	AVERAGE VALUE
Land & Damages	-	-	-	-	-	-	823	59
Bridge Relocation	151	301	422	362	301	315	1,928	138
Utility Relocation	151	105	-	-	-	-	715	51
Locks	956	956	956	657	466	-	6,166	440
Channels & Canals	55	55	55	41	41	14	459	33
Levees & Floodwalls	-	-	-	-	-	-	253	18
Cultural Resources	-	-	11	-	-	-	11	1
Mitigation	-	-	-	128	128	127	961	69
Engineering & Design	46	38	38	21	-	-	1,252	89
Supervision & Administration	115	115	115	115	77	53	793	57
TOTAL	1,473	1,570	1,597	1,323	1,013	508	13,362	954

TAX REVENUE

When money is spent in the local economy, some of that spending produces tax revenues for state and local governments in the area. At the state level, the income generated by the primary and secondary spending produces state personal income tax revenue, sales and excise tax revenue. At the local level, the income generated by the direct and secondary spending produces local sales tax revenue. It is the economic activity that generates tax revenue for state and local government.

STATE TAXES

State taxes that are generated by economic activity such as construction are taxes paid on the income generated by those operations. Out of that income, the recipient pays his state income taxes; in addition, he buys goods and services and pays the taxes that apply to those goods and services. The retail sales tax applies to the purchase of some of those goods and services. The assumption used to estimate the revenue from all of these taxes is that the recipient of newly created income is no different from the average Louisiana consumer; thus, the proportion of income that is paid in these various taxes is equal to average values for the state as a whole.

State income taxes paid out of the income generated by the construction activities can be estimated by determining the proportion of income that the average person in the state pays in state income taxes. In 1996, the latest year for which data exists, the average person in the Louisiana paid 1.3563% of his or her personal income in state income taxes (Source: United States Bureau of the Census, State Government Tax Collections: 1996).

To estimate the amount of sales tax revenue attributable to the income generated, the

same methodology is employed. To determine the amount of sales taxes paid out of this income, it is necessary to estimate the proportion of income that the average consumer spends on goods that are taxable under the state and local sales taxes. The Consumer Expenditure Survey, published by the Federal Government, estimates the proportion of income that consumers spend on various types of goods and services. Based on this study, we can determine that the average consumer spends 48.52% of his or her income on goods and services that are taxable under the sales taxes. In order to obtain an estimate of the sales taxes paid, it is necessary to multiply the income created by the expanded activities times the proportion of that income spent on taxable items times the appropriate tax rate -- 4% for the state of Louisiana.

The final category of state tax revenue is specific excise taxes paid, including certain business taxes. In order to estimate the amount of these taxes paid as a result of the construction activities, we employ a methodology similar to the one used for the personal income tax. The Census Bureau provides estimates of the revenue raised by the state by the various excise taxes enumerated above. Dividing the total of this revenue by total state personal income produces the proportion of income that the average consumer spends on these taxes -- the proportion is 1.0952%. This proportion is then multiplied by the income generated by the construction activities, both direct and secondary, to produce an estimate of the amount of excise tax revenue.

Business taxes are estimated by a similar methodology. The primary taxes included in this section are the corporate income and corporate franchise taxes. The total direct spending is an estimate of the total business gross income created by the construction. On average state business taxes are approximately equal to one percent of total business receipts. Thus, total state business tax receipts are estimated by multiplying one percent times total direct spending.

LOCAL TAXES

Finally, there are local taxes. The main local tax is the local sales tax. The methodology used to estimate the local sales tax is the same as that used to estimate the state sales tax. The rate in New Orleans area averages 4.75%. The only significant local business tax is the property tax. Since the construction activities are not likely to cause a business to expand its property tax base, the assumption is that there will be no local business tax revenues created by the lock construction.

Table 6 presents the estimates for the various types of tax revenue for state and local governments. In total, state and local governments will receive a total of \$23.4 million in tax revenue from the construction activities of the proposed lock over the 14-year project period. That total is made up of \$17.2 million in state tax revenue and \$6.2 million in local tax revenue.

TABLE 6

IHNC LOCK CONSTRUCTION IMPACT, NEW ORLEANS MSA

STATE AND LOCAL TAX REVENUES

TAX SOURCE	1998	1999	2000	2001	2002	2003	2004	2005
STATE TAX REVENUES:								
SALES TAXES	\$ 30,726	\$ 398,782	\$ 330,006	\$ 204,126	\$ 205,142	\$ 112,471	\$ 468,360	\$ 562,576
INCOME TAXES	\$ 21,473	\$ 278,683	\$ 230,620	\$ 142,650	\$ 143,361	\$ 78,599	\$ 327,307	\$ 393,148
EXCISE TAXES	\$ 17,339	\$ 225,034	\$ 186,224	\$ 115,189	\$ 115,763	\$ 63,468	\$ 264,297	\$ 317,463
BUSINESS TAXES	\$ 20,040	\$ 547,500	\$ 236,800	\$ 191,100	\$ 197,460	\$ 98,640	\$ 480,000	\$ 555,300
TOTAL STATE TAXES	\$ 89,578	\$ 1,450,000	\$ 983,650	\$ 653,065	\$ 661,726	\$ 353,178	\$ 1,539,964	\$ 1,828,487
LOCAL TAX REVENUES:								
SALES TAXES	\$ 36,104	\$ 468,569	\$ 387,757	\$ 239,848	\$ 241,042	\$ 132,154	\$ 550,323	\$ 661,027
TOTAL LOCAL TAXES	\$ 36,104	\$ 468,569	\$ 387,757	\$ 239,848	\$ 241,042	\$ 132,154	\$ 550,323	\$ 661,027
STATE & LOCAL REVENUES	\$ 125,682	\$ 1,918,570	\$ 1,371,407	\$ 892,913	\$ 902,768	\$ 485,332	\$ 2,090,287	\$ 2,489,514

TAX SOURCE	2006	2007	2008	2009	2010	2011	TOTAL
STATE TAX REVENUES:							
SALES TAXES	\$ 587,605	\$ 626,067	\$ 636,304	\$ 527,419	\$ 403,464	\$ 203,036	\$ 5,296,086
INCOME TAXES	\$ 410,639	\$ 437,518	\$ 444,672	\$ 368,579	\$ 281,955	\$ 141,888	\$ 3,701,093
EXCISE TAXES	\$ 331,588	\$ 353,292	\$ 359,068	\$ 297,625	\$ 227,676	\$ 114,574	\$ 2,988,599
BUSINESS TAXES	\$ 579,000	\$ 611,680	\$ 623,160	\$ 502,080	\$ 385,000	\$ 169,620	\$ 5,197,380
TOTAL STATE TAXES	\$ 1,908,832	\$ 2,028,557	\$ 2,063,204	\$ 1,695,703	\$ 1,298,096	\$ 629,118	\$ 17,183,158
LOCAL TAX REVENUES:							
SALES TAXES	\$ 690,436	\$ 735,629	\$ 747,657	\$ 619,718	\$ 474,071	\$ 238,567	\$ 6,222,901
TOTAL LOCAL TAXES	\$ 690,436	\$ 735,629	\$ 747,657	\$ 619,718	\$ 474,071	\$ 238,567	\$ 6,222,901
STATE & LOCAL REVENUES	\$ 2,599,268	\$ 2,764,187	\$ 2,810,861	\$ 2,315,421	\$ 1,772,167	\$ 867,684	\$ 23,406,059

STATEWIDE IMPACT

Tables 7 through 12 present the equivalent information contained in Tables 1 through 6 for the statewide economic impact of the lock project. As discussed earlier, the direct spending for the project is the same statewide as for New Orleans. What that means is that all of the construction activities are confined to the New Orleans area economy and the materials that are purchased outside of the New Orleans area are assumed to come from outside the state of Louisiana. Thus, Table 7 is identical to Table 1. The statewide multipliers are, however, different from the MSA multipliers. Thus, Tables 8 through 12 are different than Tables 2 through 6. The results are very similar, since most of the secondary effect is captured in the New Orleans MSA.

Table 8 presents the secondary impacts for the statewide impact on a year-to-year and total basis. In total, the construction phase of the lock project will create new secondary spending in the Louisiana economy of \$970.6 million over the 14-year period.

Table 9 presents the total spending impact of the lock construction project on the Louisiana economy. Total spending is the sum of direct and secondary spending. The construction phase of the lock project will create new total spending in the Louisiana economy of \$1,490.3 million (or \$1.5 billion) over the 14-year project period.

Tables 10 and 11 present earnings and employment impacts on a statewide basis. The lock construction and related activities will create a total of \$289.3 million in earnings for Louisiana residents over the 14-year project period. The construction will support a total of 13,598 new jobs over the 14-year period for an average of 971 jobs per year.

Table 12 presents the statewide tax impact of the project. In total, state and local governments will receive a total of \$24.2 million in tax revenue from the construction activities of

the proposed lock over the 14-year project period. That total is made up of \$17.9 million in state tax revenue and \$6.3 million in local tax revenue.

TABLE 7

IHNC LOCK CONSTRUCTION IMPACT, STATE OF LOUISIANA

DIRECT SPENDING (in thousands)

CATEGORY/YEAR	1998	1999	2000	2001	2002	2003	2004	2005
Land & Damages	\$ 125.0	\$ 45,350.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bridge Relocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,530.0
Utility Relocation	\$ -	\$ -	\$ -	\$ -	\$ 270.0	\$ 5,000.0	\$ 5,000.0	\$ 5,000.0
Locks	\$ -	\$ -	\$ -	\$ 3,300.0	\$ 10,600.0		\$ 38,300.0	\$ 41,000.0
Channels & Canals	\$ -	\$ -	\$ -	\$ -	\$ 1,600.0	\$ 3,300.0	\$ 2,600.0	\$ 2,300.0
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ 8,400.0	\$ 3,296.0	\$ -	\$ -	\$ -
Cultural Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mitigation	\$ -	\$ 7,400.0	\$ 10,000.0	\$ 3,000.0	\$ -	\$ -	\$ -	\$ -
Engineering & Design	\$ 1,879.0	\$ 2,000.0	\$ 13,680.0	\$ 4,000.0	\$ 3,400.0	\$ 1,200.0	\$ 1,100.0	\$ 1,700.0
Supervision & Administration	\$ -	\$ -	\$ -	\$ 410.0	\$ 580.0	\$ 364.0	\$ 1,000.0	\$ 3,000.0
TOTAL	\$ 2,004.0	\$ 54,750.0	\$ 23,680.0	\$ 19,110.0	\$ 19,746.0	\$ 9,864.0	\$ 48,000.0	\$ 55,530.0

CATEGORY/YEAR	2006	2007	2008	2009	2010	2011	TOTAL
Land & Damages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,475.0
Bridge Relocation	\$ 5,000.0	\$ 10,000.0	\$ 14,000.0	\$ 12,000.0	\$ 10,000.0	\$ 10,455.0	\$ 63,985.0
Utility Relocation	\$ 5,000.0	\$ 3,468.0	\$ -	\$ -	\$ -	\$ -	\$ 23,738.0
Locks	\$ 41,000.0	\$ 41,000.0	\$ 41,000.0	\$ 28,157.0	\$ 20,000.0		\$ 264,357.0
Channels & Canals	\$ 2,700.0	\$ 2,700.0	\$ 2,700.0	\$ 2,000.0	\$ 2,000.0	\$ 672.0	\$ 22,572.0
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,696.0
Cultural Resources	\$ -	\$ -	\$ 616.0	\$ -	\$ -	\$ -	\$ 616.0
Mitigation	\$ -	\$ -	\$ -	\$ 4,500.0	\$ 4,500.0	\$ 4,458.0	\$ 33,858.0
Engineering & Design	\$ 1,200.0	\$ 1,000.0	\$ 1,000.0	\$ 551.0	\$ -	\$ -	\$ 32,710.0
Supervision & Administration	\$ 3,000.0	\$ 3,000.0	\$ 3,000.0	\$ 3,000.0	\$ 2,000.0	\$ 1,377.0	\$ 20,731.0
TOTAL	\$ 57,900.0	\$ 61,168.0	\$ 62,316.0	\$ 50,208.0	\$ 38,500.0	\$ 16,962.0	\$ 519,738.0

TABLE 8

IHNC LOCK CONSTRUCTION IMPACT, STATE OF LOUISIANA

SECONDARY SPENDING (in thousands)

CATEGORY/YEAR	1998	1999	2000	2001	2002	2003	2004	2005
Land & Damages	\$ 143.7	\$ 52,134.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bridge Relocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,147.3
Utility Relocation	\$ -	\$ -	\$ -	\$ -	\$ 549.3	\$ 10,172.5	\$ 10,172.5	\$ 10,172.5
Locks	\$ -	\$ -	\$ -	\$ 6,319.4	\$ 20,298.8	\$ -	\$ 73,343.8	\$ 78,514.2
Channels & Canals	\$ -	\$ -	\$ -	\$ -	\$ 2,714.6	\$ 5,598.9	\$ 4,411.2	\$ 3,902.2
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ 16,067.9	\$ 6,304.7	\$ -	\$ -	\$ -
Cultural Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mitigation	\$ -	\$ 14,118.2	\$ 19,078.7	\$ 5,723.6	\$ -	\$ -	\$ -	\$ -
Engineering & Design	\$ 3,783.7	\$ 4,027.4	\$ 27,547.4	\$ 8,054.8	\$ 6,846.6	\$ 2,416.4	\$ 2,215.1	\$ 3,423.3
Supervision & Administration	\$ -	\$ -	\$ -	\$ 825.6	\$ 1,167.9	\$ 733.0	\$ 2,013.7	\$ 6,041.1
TOTAL	\$ 3,927.4	\$ 70,279.8	\$ 46,626.1	\$ 36,991.4	\$ 37,882.0	\$ 18,920.8	\$ 92,156.2	\$ 107,200.6

CATEGORY/YEAR	2006	2007	2008	2009	2010	2011	TOTAL
Land & Damages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,277.9
Bridge Relocation	\$ 10,172.5	\$ 20,345.0	\$ 28,483.0	\$ 24,414.0	\$ 20,345.0	\$ 21,270.7	\$ 130,177.5
Utility Relocation	\$ 10,172.5	\$ 7,055.6	\$ -	\$ -	\$ -	\$ -	\$ 48,295.0
Locks	\$ 78,514.2	\$ 78,514.2	\$ 78,514.2	\$ 53,920.1	\$ 38,299.6	\$ -	\$ 506,238.6
Channels & Canals	\$ 4,580.9	\$ 4,580.9	\$ 4,580.9	\$ 3,393.2	\$ 3,393.2	\$ 1,140.1	\$ 38,296.1
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,372.7
Cultural Resources	\$ -	\$ -	\$ 707.7	\$ -	\$ -	\$ -	\$ 707.7
Mitigation	\$ -	\$ -	\$ -	\$ 8,585.4	\$ 8,585.4	\$ 8,505.3	\$ 64,596.5
Engineering & Design	\$ 2,416.4	\$ 2,013.7	\$ 2,013.7	\$ 1,109.5	\$ -	\$ -	\$ 65,868.1
Supervision & Administration	\$ 6,041.1	\$ 6,041.1	\$ 6,041.1	\$ 6,041.1	\$ 4,027.4	\$ 2,772.9	\$ 41,746.0
TOTAL	\$ 111,897.6	\$ 118,550.5	\$ 120,340.5	\$ 97,463.4	\$ 74,650.6	\$ 33,689.0	\$ 970,576.0

TABLE 9

IHNC LOCK CONSTRUCTION IMPACT

TOTAL SPENDING (in thousands)

CATEGORY/YEAR	1998	1999	2000	2001	2002	2003	2004	2005
Land & Damages	\$ 268.7	\$ 97,484.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bridge Relocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,677.3
Utility Relocation	\$ -	\$ -	\$ -	\$ -	\$ 819.3	\$ 15,172.5	\$ 15,172.5	\$ 15,172.5
Locks	\$ -	\$ -	\$ -	\$ 9,619.4	\$ 30,898.8	\$ -	\$ 111,643.8	\$ 119,514.2
Channels & Canals	\$ -	\$ -	\$ -	\$ -	\$ 4,314.6	\$ 8,898.9	\$ 7,011.2	\$ 6,202.2
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ 24,467.9	\$ 9,600.7	\$ -	\$ -	\$ -
Cultural Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mitigation	\$ -	\$ 21,518.2	\$ 29,078.7	\$ 8,723.6	\$ -	\$ -	\$ -	\$ -
Engineering & Design	\$ 5,662.7	\$ 6,027.4	\$ 41,227.4	\$ 12,054.8	\$ 10,246.6	\$ 3,616.4	\$ 3,315.1	\$ 5,123.3
Supervision & Administration	\$ -	\$ -	\$ -	\$ 1,235.6	\$ 1,747.9	\$ 1,097.0	\$ 3,013.7	\$ 9,041.1
TOTAL	\$ 5,931.4	\$ 125,029.8	\$ 70,306.1	\$ 56,101.4	\$ 57,628.0	\$ 28,784.8	\$ 140,156.2	\$ 162,730.6

CATEGORY/YEAR	2006	2007	2008	2009	2010	2011	TOTAL
Land & Damages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,752.9
Bridge Relocation	\$ 15,172.5	\$ 30,345.0	\$ 42,483.0	\$ 36,414.0	\$ 30,345.0	\$ 31,725.7	\$ 194,162.5
Utility Relocation	\$ 15,172.5	\$ 10,523.6	\$ -	\$ -	\$ -	\$ -	\$ 72,033.0
Locks	\$ 119,514.2	\$ 119,514.2	\$ 119,514.2	\$ 82,077.1	\$ 58,299.6	\$ -	\$ 770,595.6
Channels & Canals	\$ 7,280.9	\$ 7,280.9	\$ 7,280.9	\$ 5,393.2	\$ 5,393.2	\$ 1,812.1	\$ 60,868.1
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,068.7
Cultural Resources	\$ -	\$ -	\$ 1,323.7	\$ -	\$ -	\$ -	\$ 1,323.7
Mitigation	\$ -	\$ -	\$ -	\$ 13,085.4	\$ 13,085.4	\$ 12,963.3	\$ 98,454.5
Engineering & Design	\$ 3,616.4	\$ 3,013.7	\$ 3,013.7	\$ 1,660.5	\$ -	\$ -	\$ 98,578.1
Supervision & Administration	\$ 9,041.1	\$ 9,041.1	\$ 9,041.1	\$ 9,041.1	\$ 6,027.4	\$ 4,149.9	\$ 62,477.0
TOTAL	\$ 169,797.6	\$ 179,718.5	\$ 182,656.5	\$ 147,671.4	\$ 113,150.6	\$ 50,651.0	\$ 1,490,314.0

TABLE 10

IHNC LOCK CONSTRUCTION IMPACT, STATE OF LOUISIANA

TOTAL EARNINGS (in thousands)

CATEGORY/YEAR	1998	1999	2000	2001	2002	2003	2004	2005
Land & Damages	\$ 42.2	\$ 15,314.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bridge Relocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,684.0
Utility Relocation	\$ -	\$ -	\$ -	\$ -	\$ 179.7	\$ 3,328.0	\$ 3,328.0	\$ 3,328.0
Locks	\$ -	\$ -	\$ -	\$ 1,699.5	\$ 5,459.0	\$ -	\$ 19,724.6	\$ 21,115.2
Channels & Canals	\$ -	\$ -	\$ -	\$ -	\$ 712.4	\$ 1,469.3	\$ 1,157.6	\$ 1,024.1
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ 3,878.9	\$ 1,522.0	\$ -	\$ -	\$ -
Cultural Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mitigation	\$ -	\$ 4,571.9	\$ 6,178.2	\$ 1,853.5	\$ -	\$ -	\$ -	\$ -
Engineering & Design	\$ 1,504.5	\$ 1,601.4	\$ 10,953.6	\$ 3,202.8	\$ 2,722.4	\$ 960.8	\$ 880.8	\$ 1,361.2
Supervision & Administration	\$ -	\$ -	\$ -	\$ 328.3	\$ 464.4	\$ 291.5	\$ 800.7	\$ 2,402.1
TOTAL	\$ 1,546.7	\$ 21,487.5	\$ 17,131.8	\$ 10,963.0	\$ 11,059.9	\$ 6,049.6	\$ 25,891.8	\$ 30,914.5

CATEGORY/YEAR	2006	2007	2008	2009	2010	2011	TOTAL
Land & Damages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,356.5
Bridge Relocation	\$ 3,328.0	\$ 6,656.0	\$ 9,318.4	\$ 7,987.2	\$ 6,656.0	\$ 6,958.8	\$ 42,588.4
Utility Relocation	\$ 3,328.0	\$ 2,308.3	\$ -	\$ -	\$ -	\$ -	\$ 15,800.0
Locks	\$ 21,115.2	\$ 21,115.2	\$ 21,115.2	\$ 14,501.0	\$ 10,300.1	\$ -	\$ 136,144.9
Channels & Canals	\$ 1,202.2	\$ 1,202.2	\$ 1,202.2	\$ 890.5	\$ 890.5	\$ 299.2	\$ 10,050.2
Levees & Floodwalls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400.9
Cultural Resources	\$ -	\$ -	\$ 207.5	\$ -	\$ -	\$ -	\$ 207.5
Mitigation	\$ -	\$ -	\$ -	\$ 2,780.2	\$ 2,780.2	\$ 2,754.2	\$ 20,918.2
Engineering & Design	\$ 960.8	\$ 800.7	\$ 800.7	\$ 441.2	\$ -	\$ -	\$ 26,190.9
Supervision & Administration	\$ 2,402.1	\$ 2,402.1	\$ 2,402.1	\$ 2,402.1	\$ 1,601.4	\$ 1,102.6	\$ 16,599.3
TOTAL	\$ 32,336.3	\$ 34,484.4	\$ 35,046.1	\$ 29,002.1	\$ 22,228.2	\$ 11,114.9	\$ 289,256.8

TABLE 11

IHNC LOCK CONSTRUCTION IMPACT, STATE OF LOUISIANA

TOTAL EMPLOYMENT

CATEGORY/YEAR	1998	1999	2000	2001	2002	2003	2004	2005
Land & Damages	2	859	-	-	-	-	-	-
Bridge Relocation	-	-	-	-	-	-	-	82
Utility Relocation	-	-	-	-	9	162	162	162
Locks	-	-	-	77	247	-	892	955
Channels & Canals	-	-	-	-	34	69	55	48
Levees & Floodwalls	-	-	-	166	65	-	-	-
Cultural Resources	-	-	-	-	-	-	-	-
Mitigation	-	224	303	91	-	-	-	-
Engineering & Design	70	75	510	149	127	45	41	63
Supervision & Administration	-	-	-	15	22	14	37	112
TOTAL	72	1,158	814	499	503	290	1,187	1,423

CATEGORY/YEAR	2006	2007	2008	2009	2010	2011 TOTAL	AVERAGE VALUE
Land & Damages	-	-	-	-	-	-	861
Bridge Relocation	162	324	453	388	324	338	2,071
Utility Relocation	162	112	-	-	-	-	768
Locks	955	955	955	656	466	-	6,159
Channels & Canals	57	57	57	42	42	14	475
Levees & Floodwalls	-	-	-	-	-	-	232
Cultural Resources	-	-	12	-	-	-	12
Mitigation	-	-	-	137	137	135	1,027
Engineering & Design	45	37	37	21	-	-	1,220
Supervision & Administration	112	112	112	112	75	51	773
TOTAL	1,492	1,597	1,626	1,355	1,043	539	13,598

TABLE 12

IHNC LOCK CONSTRUCTION IMPACT, STATE OF LOUISIANA

STATE AND LOCAL TAX REVENUES

TAX SOURCE	1998	1999	2000	2001	2002	2003	2004	2005
STATE TAX REVENUES:								
SALES TAXES	\$ 30,019	\$ 417,030	\$ 332,494	\$ 212,769	\$ 214,651	\$ 117,411	\$ 502,507	\$ 599,988
INCOME TAXES	\$ 20,978	\$ 291,435	\$ 232,358	\$ 148,691	\$ 150,006	\$ 82,051	\$ 351,170	\$ 419,293
EXCISE TAXES	\$ 16,940	\$ 235,331	\$ 187,627	\$ 120,066	\$ 121,129	\$ 66,255	\$ 283,567	\$ 338,575
BUSINESS TAXES	\$ 20,040	\$ 547,500	\$ 236,800	\$ 191,100	\$ 197,460	\$ 98,640	\$ 480,000	\$ 555,300
TOTAL STATE TAXES	\$ 87,977	\$ 1,491,296	\$ 989,279	\$ 672,626	\$ 683,246	\$ 364,357	\$ 1,617,244	\$ 1,913,157
LOCAL TAX REVENUES:								
SALES TAXES	\$ 33,771	\$ 469,158	\$ 374,055	\$ 239,365	\$ 241,483	\$ 132,087	\$ 565,321	\$ 674,987
TOTAL LOCAL TAXES	\$ 33,771	\$ 469,158	\$ 374,055	\$ 239,365	\$ 241,483	\$ 132,087	\$ 565,321	\$ 674,987
STATE & LOCAL REVENUES	\$ 121,748	\$ 1,960,455	\$ 1,363,335	\$ 911,992	\$ 924,729	\$ 496,445	\$ 2,182,565	\$ 2,588,144

TAX SOURCE	2006	2007	2008	2009	2010	2011 TOTAL
STATE TAX REVENUES:						
SALES TAXES	\$ 627,582	\$ 669,274	\$ 680,174	\$ 562,874	\$ 431,404	\$ 2,15,717
INCOME TAXES	\$ 438,577	\$ 467,712	\$ 475,330	\$ 393,356	\$ 301,481	\$ 150,751
EXCISE TAXES	\$ 354,147	\$ 377,673	\$ 383,824	\$ 317,631	\$ 243,443	\$ 121,730
BUSINESS TAXES	\$ 579,000	\$ 611,680	\$ 623,160	\$ 502,080	\$ 385,000	\$ 169,620
TOTAL STATE TAXES	\$ 1,999,306	\$ 2,126,340	\$ 2,162,488	\$ 1,775,941	\$ 1,361,328	\$ 657,818
LOCAL TAX REVENUES:						
SALES TAXES	\$ 706,030	\$ 752,933	\$ 765,196	\$ 633,233	\$ 485,330	\$ 242,682
TOTAL LOCAL TAXES	\$ 706,030	\$ 752,933	\$ 765,196	\$ 633,233	\$ 485,330	\$ 242,682
STATE & LOCAL REVENUES	\$ 2,705,336	\$ 2,879,273	\$ 2,927,684	\$ 2,409,174	\$ 1,846,658	\$ 900,500

CONCLUSION

The capital spending related to the IHNC lock project would eliminate a bottleneck in the intracoastal navigational system and allow cargo to continue to travel through the New Orleans area. The project will create new direct spending in the local economy of \$519.7 million. The direct spending will generate secondary spending of \$898.7 million in the local economy. Thus, the total spending due to the capital phase of the project will be \$1,418.4 million. There will be a total of 13,362 jobs supported by the economic activity created by the capital phase -- these jobs include direct construction jobs as well as jobs that result from the spending of the new income in the economy. These jobs are not permanent jobs. Those jobs represent a total of \$272.9 million in income for New Orleans area citizens. State and local governments will receive \$23.4 million in tax revenue from the construction activities. That total is made up of \$17.2 million in state tax revenue and \$3.6 million in local tax revenue. This is not permanent or recurring revenue, but lasts as long as the construction period.

The lock replacement project is one of the largest construction projects that the New Orleans area economy has experienced for many years. As such a large-scale project, it will create thousands of dollars in spending and income for local residents and businesses and will support thousands of good jobs in the local area economy.